



## State of North Carolina

**ROY COOPER  
ATTORNEY GENERAL**

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July 1, 2015

Clay C. Wheeler, Esq.  
Kilpatrick Townsend & Stockton, LLP  
Suite 1400  
4208 Six Forks Road  
Raleigh, NC 27609

Re: Resolution of Issues Relating to Service Charge at The Ritz-Carlton,  
Charlotte during the 2015 CIAA Basketball Tournament

Dear Mr. Wheeler:

This letter sets forth the agreement between the Attorney General, The Ritz-Carlton Hotel Company, LLC ("The Ritz-Carlton"), and the Central Intercollegiate Athletic Association ("CIAA") to resolve concerns about service provided to customers in the Lobby Lounge of The Ritz-Carlton, Charlotte ("Hotel") during the 2015 CIAA basketball tournament (the "Tournament"), including the implementation of an automatic 15% service charge (the "Service Charge"). The Effective Date of this letter agreement is the date the last of the three parties signs it.

While The Ritz-Carlton denies that it acted unlawfully in implementing a service charge during the Tournament, in order to avoid the costs of litigation and in an effort to resolve this matter with the Attorney General and the CIAA, and in consideration for the agreements of all parties, The Ritz-Carlton agrees to do the following:

1. Provide a refund of the Service Charge to any customer who paid it, as long as within 90 days of the Effective Date, the customer (a) requests the refund from the Hotel in writing; and (b) at the time of the request, provides the Hotel with a copy of the Lobby Lounge bill, a credit card or bank statement, or some other record that allows the Hotel to determine the amount of the Service Charge paid by the customer;

2. Implement a policy (in the form attached as Exhibit A to this letter agreement) at the Hotel concerning notifications to be delivered about a service charge;
3. Make a donation to the CIAA and its Scholarship Fund in the total amount of \$75,000 payable in three installments as follows: (i) the first installment in the amount of \$25,000 within 14 days of the Effective Date; (ii) the second installment in the amount of \$25,000 within one year of the Effective Date; and (iii) the third installment in the amount of \$25,000 within two years of the Effective Date; and
4. Make a payment of \$5,000 to the North Carolina Department of Justice within 14 days of the Effective Date, to be used for consumer protection purposes and other uses permitted by law at the discretion of the North Carolina Attorney General.

In consideration of these agreements by The Ritz-Carlton, and by signing below, the Attorney General and the CIAA each agree as of the Effective Date to:

5. Fully and completely release and discharge The Ritz-Carlton, the Hotel and their respective affiliated companies, officers, employees, representatives, successors and assigns, and hotel owners from any and all claims, causes of action, and demands for injuries of any type, which the Attorney General and/or the CIAA now has or which may hereafter accrue on account of or in any way arising or growing out of service in the Lobby Lounge of the Hotel during or related to the Tournament. This release shall include, but is not limited to, any and all claims alleged in the Attorney General's draft complaint provided to The Ritz-Carlton on June 9, 2015.

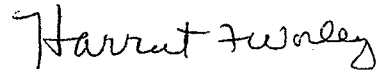
The Attorney General, the CIAA, and The Ritz-Carlton each acknowledge and agree:

6. This letter agreement is the compromise of a disputed matter, and that the agreement of The Ritz-Carlton, including but not limited to the agreement to make payments, is not and will not be construed as an admission of liability on the part of the entities and persons released, by whom liability is expressly denied.
7. This letter agreement is the entire agreement among the parties hereto concerning this matter, and by signing below each party represents that the terms of this letter agreement, including the release in Paragraph 5, have been carefully reviewed by the party, and that the person signing on each party's behalf has authority to bind that party.
8. This letter agreement may be executed in multiple counterparts, which when taken together shall form the entire agreement. A signature transmitted by facsimile or e-mail shall be deemed to be an original signature.

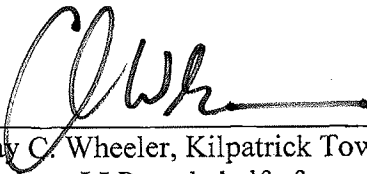
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We thank you for your cooperation in resolving this matter and ask that you sign this letter in the space below to indicate your client's agreement.

Sincerely,




Harriet F. Worley  
Special Deputy Attorney General



Clay C. Wheeler, Kilpatrick Townsend &  
Stockton LLP, on behalf of  
The Ritz-Carlton Hotel Company, LLC

Date: 7/6/15



Jacqueline McWilliams, on behalf of  
Central Intercollegiate Athletic Association

Date: 7/2/15

## **EXHIBIT A**

# **The Ritz-Carlton, Charlotte Lobby Lounge Service Charge/Automatic Gratuity Local Standard Operating Procedures**

### **PURPOSE**

This local standard operating procedure sets forth the general guidelines that The Ritz-Carlton, Charlotte follows when it includes a service charge or automatic gratuity on a customer's bill in its Lobby Lounge.

### **PROCEDURES**

1. Any time the Lobby Lounge implements a service charge or automatic gratuity, all menus will include a statement informing the customer that a service charge has been included on their bill. An example of language that may be used if the Lobby Lounge includes a service charge on a customer's bill is as follows:
  - "A [INSERT]% service charge will be applied to all checks"
2. If the Lobby Lounge includes an automatic gratuity for large parties, the Lobby Lounge menu should include language such as:
  - "[INSERT]% gratuity added to parties of [INSERT NUMBER] or more"
3. All customer checks will include a line item for the service charge or automatic gratuity listing the percentage and dollar amount of the service charge or automatic gratuity.
4. Servers and bartenders should be instructed to remind customers at the time customers' orders are taken and when customers are presented with the bill that a service charge or automatic gratuity will be/has been included on the check.

All questions related to this LSOP should be directed to the Director of Food & Beverage or the Assistant Director of Food & Beverage.